New Nouveau Brunswick

Labour Market Information Monthly

April 2011 Edition *Issue 4 Volume 8*

Retirement, health and employment among those 55 plus *

This Month

· Retirement, health and employment among those 55 plus

· Key Labour Force Statistics

· The Industry Report

For older workers, control over the timing and circumstances of their retirement is crucial to their economic well-being. At the same time, the retention of older workers is a significant issue for policy makers and employers in an aging society. The motivations to remain on the job vary according to the circumstances of older workers, and those who remain on the job have different preferences in the workplace than their younger counterparts. Thus, a better understanding of the characteristics of older workers in various stages of retirement may help inform employer practices and public policies.

Since older workers are not a homogeneous group, information on the socio-economic, employment, and health-related characteristics of specific groups will contribute to understanding their labour supply patterns. Retirement decisions are closely associated with workers' capabilities, limitations and needs in the labour market. Older workers' health is an especially important aspect of their labour market activity: some hypothesize that physical and mental health and associated disabilities may be barriers to the employability of older workers. Similarly, poor health has been associated with early exits from the labour market.

Many studies, however, treat older workers as a single group with little attention paid to their retirement history. Due to data limitations, retirement experience or partial retirement status were rarely included in analyses. This study attempts to fill the information gap on distinct states of retirement among older workers in terms of their links to health and labour market characteristics. It presents the sociodemographic characteristics of four different retirement situations: never retired, partially retired, fully retired, and previously retired but returned to work.

The article outlines the characteristics of these four groups and discusses how they are associated with work hours, work patterns and occupation. Most findings are adjusted to account for the differing age and sex characteristics of the groups.

Data originate from the 2009 Canadian Community Health Survey (CCHS) – Healthy Aging, designed to better understand the aging process of Canadians. It contains information on health and well-being, social support and participation, and work and retirement transitions. Since the CCHS is a cross-sectional survey, it is not possible to trace the employment and retirement histories of respondents. On the other hand, this data source contains new information on the association between retirement characteristics and the socio-economic and health status of older Canadians. Moreover, some retrospective questions included in the survey are useful in determining past retirement experiences.

Four retirement groups

Using several CCHS questions on retirement, four mutually exclusive groups of older people were identified: never retired, partially retired, fully retired, and returned workers.

** Jungwee Park, Perspectives on Labour and Income, Spring 2011, Statistics Canada.*

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The never retired are currently in the labour force and have never retired from a job. Partial retirement is based on self-reporting. The retired population includes those who report themselves as completely retired, not in the labour force and receiving 50% or more of their total income from retirement income sources such as Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), the Canada Pension Plan or the Quebec Pension Plan (CPP/QPP), investments, dividends, retirement pensions, superannuation and annuities. Returned workers are currently in the labour force and not retired, either fully or partially, but indicate that they had previously been retired.

Women more likely to be retired

The demographic make-up of the four retirement groups varied considerably. Compared with women age 55 and over, a higher proportion of similarly aged men was still attached to the labour force. While 60% of women were fully retired and out of the labour force, just under one-half of men were in similar circumstances. Men were more likely than women to be never-retired (38% versus 30%) and partially retired (13% versus 9%). Less than 3% of both women and men reported returning to work from retirement.

Among those who had never retired, the majority was under the age of 65. Almost three-quarters of those who returned to work were between the ages of 55 and 64. Many may have taken early retirement before returning to the labour force.

About one-third of partial retirees were age 65 to 74. Barely 1% of the never-retired, 8% of the partially retired and 2% of returnees were age 75 and over, whereas more than one-third of the fully retired belonged to this age group.

Since the four retirement groups differ by age and sex, most inter-group comparisons in this study are tested on age–sex standardized rates. The adjusted statistics are used to determine whether differences exist in certain variables after controlling for age and sex. It is particularly important to eliminate the age–group effect when comparing conditions potentially affected by age, like health.

Retirees at bottom of income distribution

The fully retired were more likely than the never-retired to be in lower income quintiles. Almost 60% of retirees (55% of men and 62% of women) belonged to the lowest two income quintiles compared with less than 30% of those who never retired (24% of men and 30% of women. Moreover, more than 40% of the retired reported that they had less than $25,000 in savings and investments.

These data indicate that a sizeable minority of older workers may continue working out of necessity. On the other hand, financially secure and well-educated older workers are also more likely to remain employed. And there seems to be a ready market for their skills. More than one-third of returned workers were among the highest income quintile compared with only 8% of those who were fully retired.

Although income is closely related to current employment status, that may not be the case for wealth. Almost two-thirds of fully or partially retired workers were mortgage-free homeowners compared with about one-half of the never-retired and returnees. The implicit income generated by home equity is an important source of economic well-being for homeowners. Mortgage-free home ownership may thus partially compensate for the income reduction due to full or partial retirement.

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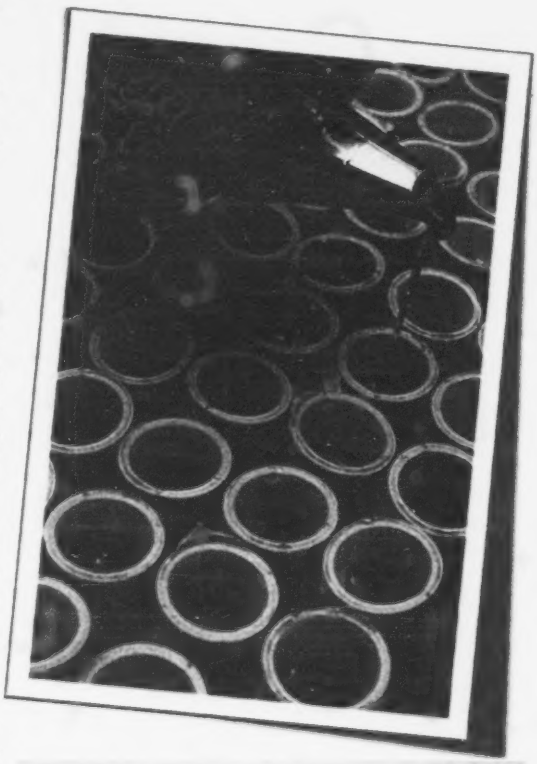
The main source of income tends to differ among the four groups. Not surprisingly, the never-retired rely mainly on earnings including wages, salaries and self-employment income. Similarly, almost 80% of returnees reported earnings as their main source of personal income.

The main income sources of the completely retired were savings, including pension benefits (70%) and government transfers (26%), like OAS and GIS. Women retirees tend to rely on transfers more than men (32% versus 17%). The proportion of savings in personal income for men was 78% while that for women was 63%.



The income of partial retirees comes from a combination of employment earnings and personal savings including dividends and interest, benefits from CPP/QPP, job-related retirement pensions and Registered Retirement Savings Plans (RRSPs).

Returnees have highest levels of education

Those who returned to work had the highest average level of educational attainment. Among this group, 65% had postsecondary degrees compared with 42% of the fully retired. Only 13% of returned workers had less than a high school education compared to 36% of retirees. These differences were statistically significant after adjusting for age and sex. Thus, it is not merely a result of the relatively younger average age of returned workers. A relatively high level of human capital is an advantage for those wishing to come out of retirement and re-enter the workforce. Other research shows that returned workers tend to have valuable skills and experience gained from previous employment.

Fully retired groups showed significantly higher rates of being widowed even after controlling for age composition. With similar controls in place, fully retired women were most likely to live alone. Of the fully retired, 20% were widowed and more than one-quarter were unattached individuals compared with 4% and 15%, respectively, for those who never retired.

Compared with the retired, a higher proportion of employed women were married or living common-law. Unlike younger cohorts, married women over the age of 55 were more likely to work than single women the same age.

The proportion of immigrants was highest in the never retired group (31%). Similarly, the proportion of visible minority workers was highest among those who never retired (15%). This corresponds with data on retirement age. Among workers fully retired in 2009, the members of visible minority groups and immigrant workers had retired, on average, two years later than other retirees.

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Never retired most likely to work full time

In general, partial retirement equates to part-time work. Almost 70% of partial retirees worked part time—less than 30 hours per week—compared with only 11% of the never retired. More than 1 in 5 returnees also worked part time (22%). Of those who never retired, 31% worked more than 40 hours per week, as did 28% of returned workers. On the other hand, only 8% of partial retirees worked more than 40 hours per week.

Non-standard work arrangements were also more prevalent among the partially retired and returnee groups. More than one-third of those who had returned to the labour force from retirement worked as shift workers compared to 21% of the never retired.

Partial retirement may occur in the main job before retirement as some employers have transitional programs offering reduced hours or responsibilities. More often, it involves a job change or a transition into self-employment. The partially retired had a significantly higher rate of self-employment than those who had never retired (43% versus 24%). They may have chosen the self-employment path to stay involved in the labour market. Many partial retirees may also prefer self-employment as it usually provides more flexibility and imposes fewer constraints on the timing of retirement.

Almost two-thirds of returned workers held white-collar jobs, which was significantly higher than the rates for the never-retired and partially retired groups. The high incidence of white-collar jobs among returned workers is consistent with their higher levels of educational attainment.

Overall, the work arrangements of the never retired 55 and over are similar to those of workers age 45 to 54. Similar proportions of each group were self-employed, working shifts or in full-time jobs, and their occupational distributions were nearly identical.

Retirees have poorer health

Health varies by retirement status. The fully retired population has lower health status, according to several measures, than groups still attached to the labour force. Health status includes information based both on a five-category scale of self-

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perceived health and the number of chronic conditions. The number of chronic conditions was included to capture the effect of objective health status and minimize potential biases of self-assessed health.

Even after adjusting for age differences, a higher proportion of retirees had multiple chronic conditions. More than one-half had at least three chronic conditions and one-quarter had five or more conditions. Retired women were more likely than retired men to have chronic conditions. Almost 60% of women reported three or more chronic conditions compared with 49% of men. One-half of all retired women reported having high blood pressure (50%) or arthritis (48%).

Almost 1 in 4 retirees (24%) perceived their overall health as fair or poor compared with 11% for the partially retired. And 11% of retirees, or more than 1 in 10, expressed life dissatisfaction, versus 7% for the partially retired. In terms of functional health, again a higher proportion of retirees had problems with cognition, hearing, walking and vision than the never-retired, partially retired and return-to-work groups. Chronic pain was also experienced by 30% of retirees.

Retirees were much more likely than the other groups to be physically inactive (37% versus 11% of returned workers). The lower level of physical activity of the retired is in line with other indicators of relatively poor health for this group.

In addition to the relatively low health status of the retired, they reported receiving less social support. On average, their levels of emotional support, positive social interaction, affection, and community belonging were significantly lower than those of never-retired workers. Retirement may separate many from the social support that the workplace and co-workers can provide.

Perhaps reflecting the flexibility of their work arrangements, partial retirees seemed to be the least stressed workers. Only 13% perceived their work to be quite a bit or extremely stressful compared with 31% of never retired workers and 23% of returned workers. The preference of older workers for less-demanding employment is an important motivation for partial retirement. Less-demanding jobs are usually related to lower levels of work stress. Due to their overall lower employment hours, the partially retired would have more personal and leisure time, contributing to a more positive work–life balance. Accordingly, partial retirees participated in community activities like volunteer and charity work more frequently than never retired workers.

Retirement plans and perceptions

The lower health status of retirees is reflected in their self-perceived ability to work. Ability to work was scored on a 10-point scale, where 10 indicates a full ability to work and 0 denotes a complete inability to work. The mean ability-to-work score for the retired was 5.3, compared with 9.2 for never retired and 9.3 for returned workers.

Compared with the age of retirement of previously retired groups, the planned age for those who had not yet retired was much higher (a mean of 66 for men and 64 for women). In comparison, the average age of retirement for the partially retired was 60 for men and 58 for women, while that of the fully retired was also 60 for men and 58 for women. The mean retirement age of returned workers was 53 for both men and women.

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The relatively late planned retirement of the never retired may be associated with their level of financial preparedness. Almost 40% of never-retired workers reported that their financial plans for retirement were less than adequate. Moreover, more than one-third reported that they had less than $25,000 in savings and investments. The never retired were also less likely to contribute to employer pension plans compared with returned workers and partial retirees.

Reasons for retirement and return

The groups who had retired at least once—the fully retired, the partially retired and returnees—were asked to choose which of 11 reasons contributed to their decision to retire. The most common reason for retirement was that it was financially possible. However, while 46% of the partially retired reported retiring because they were financially able to do so, only 34% of the fully retired and 28% of returnees did so. Men were more likely than women to retire because of financial security: 40% of men stated this reason compared to 29% of women.

Among returnees, one-half indicated financial considerations as a reason for returning to the labour force. Women were more likely than men to return to work for financial reasons (57% versus 48%). On the other hand, one-half of returnees also reported they were back on the job because they liked to work or wanted to be active.

Conclusion

Older workers end their employment careers in different ways and for a variety of reasons. Many remain on the job past the point when others retire, some opt for partial retirement, and others who have retired subsequently re-enter the workforce. Many returnees and partial retirees work part time or as shift workers, or are self-employed.

The challenges faced by the four groups are quite different. Many who had never retired were concerned about their financial preparedness for retirement; partial and full retirees had relatively low levels of income; many of the fully retired reported poor health, which may be related to their withdrawal from the labour force; and many returned workers had apparently retired involuntarily.

The results indicate that employers and policy makers cannot treat older workers as a homogenous group. Many older workers will have difficulty remaining on the job due to poor health, even if they are not financially ready to retire. Economic conditions will force some into retirement before they are ready, and they will be likely to look for opportunities to continue their careers. Others will stay on the job as long as they can to improve their financial security in their senior years. Many would prefer a more gradual transition into retirement by way of reduced or more flexible hours. And finally, some are financially and psychologically prepared for retirement and thus unlikely to be enticed back into the labour market.

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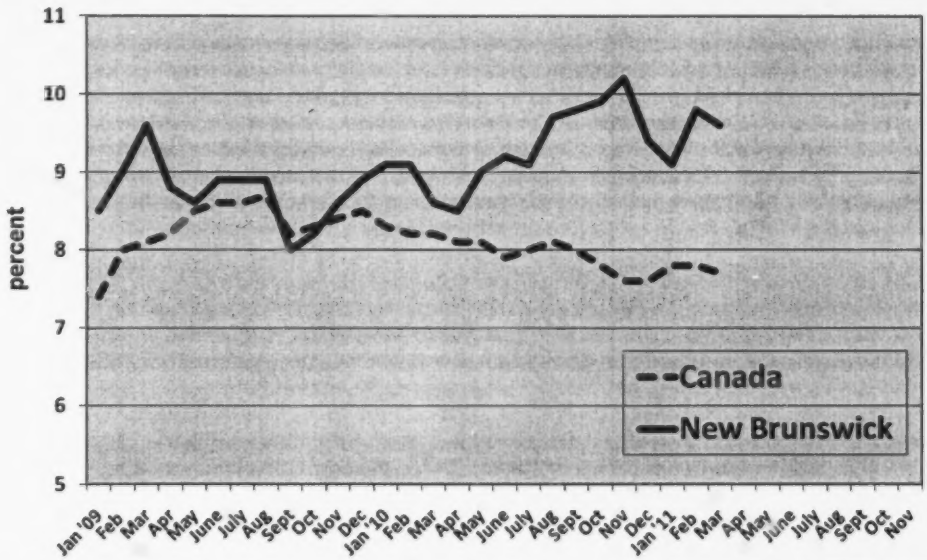
KEY LABOUR FORCE STATISTICS FOR NEW BRUNSWICK (Source: Statistics Canada Labour Force Survey)

New Brunswick	YTD	March '11	February '11	March '10
Labour Force	390,600	391,500	391,900	393,500
Employed	353,500	354,000	353,300	359,600
Unemployed	37,200	37,600	38,600	34,000
Unemployment Rate	9.5%	9.6%	9.8%	8.6%
Participation Rate	63.1%	63.3%	63.3%	63.9%
Employment Rate	57.1%	57.2%	57.1%	58.4%

CANADA COMPARED TO NEW BRUNSWICK

In March, Canada's unemployment rate was 7.7%, 0.1 of a percentage point lower than last month and 0.5 of a percentage point lower than the same month last year. New Brunswick's rate of 9.6% was 0.2 of a percentage point lower than last month but 1 percentage point higher compared to the same month last year, when it stood at 8.6%.

UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA



Source: Statistics Canada Labour Force Survey

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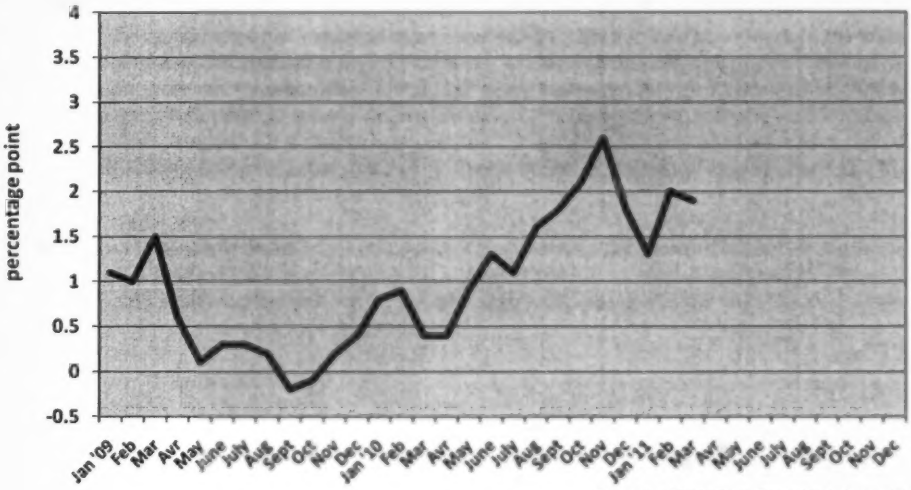
CANADA COMPARED TO NEW BRUNSWICK (continued)

The gap between the national and provincial rates was 1.9 percentage points in March.

DIFFERENCE IN UNEMPLOYMENT RATES IN NEW BRUNSWICK AND CANADA

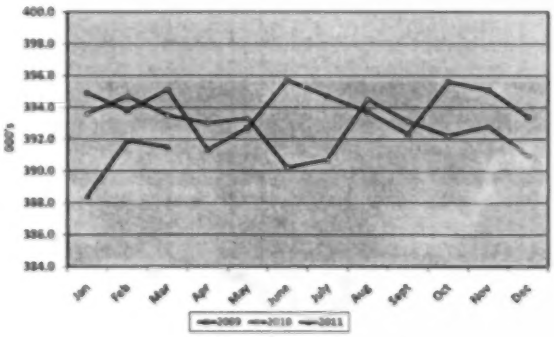


Source: Statistics Canada Labour Force Survey

THE LABOUR FORCE

New Brunswick's labour force stood at 391,500 in March. This was a decrease of 400 over the previous month, and a decrease of 2,000 over the same month last year.

THE SIZE OF THE LABOUR FORCE



Source: Statistics Canada Labour Force Survey

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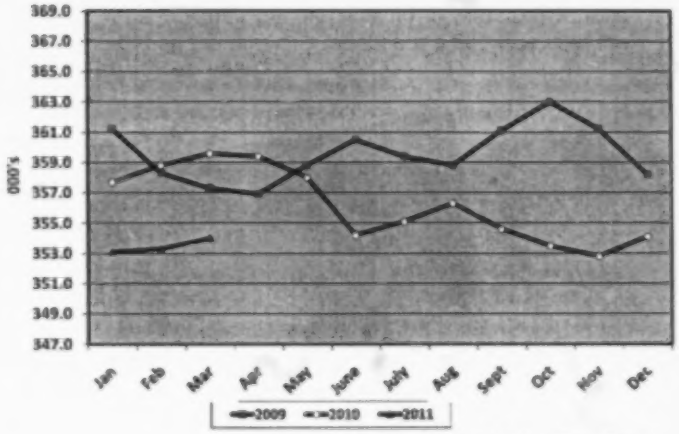
EMPLOYMENT

There were 354,000 people working in March. This was 700 more than the previous month but 5,600 less than the same month last year.

EMPLOYMENT IN NEW BRUNSWICK

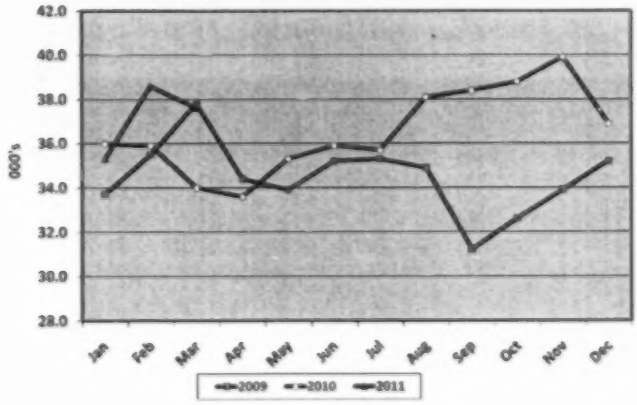


Source: Statistics Canada Labour Force Survey

UNEMPLOYMENT

There were 37,600 people unemployed and seeking work in March. This is 1,000 less than what was recorded the previous month but 3,600 more than the same month last year.

UNEMPLOYMENT IN NEW BRUNSWICK



Source: Statistics Canada Labour Force Survey

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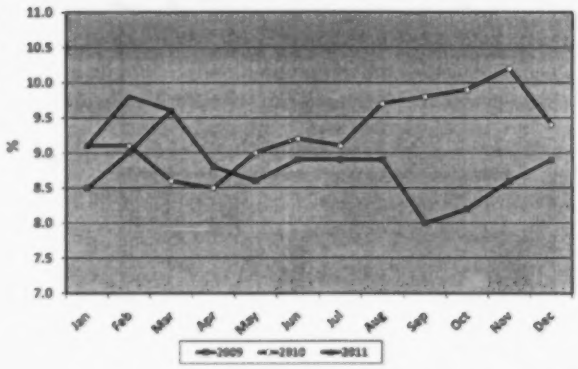
THE UNEMPLOYMENT RATE

New Brunswick's unemployment rate of 9.6% in March was 0.2 of a percentage point lower than the previous month but 1 percentage point higher than the same month last year .

THE UNEMPLOYMENT RATE IN NEW BRUNSWICK



Source: Statistics Canada Labour Force Survey

THE ECONOMIC REGIONS

Statistics Canada reports labour force statistics for the economic regions as three month moving averages of actual (not seasonally adjusted) data.

March '11	Economic Regions				
	Northeast	Southeast	Southwest	Central	Northwest
Labour Force	68,200	109,800	92,600	71,700	37,400
Employment	56,600	98,200	85,200	66,200	33,300
Unemployment	11,600	11,600	7,400	5,500	4,100
Unemployment Rate	17.0%	10.6%	8.0%	7.7%	11.0%
Participation Rate	52.5%	64.1%	64.3%	66.1%	57.4%

Economic Regions	[illegible]		March '11		March '10	
	Emp.	UR	Emp.	UR	Emp.	UR
Northeast	56,500	17.5%	56,600	17.0%	57,800	15.9%
Southeast	98,800	10.0%	98,200	10.6%	99,700	7.9%
Southwest	85,500	6.9%	85,200	8.0%	82,300	9.5%
Central	67,500	7.1%	66,200	7.7%	69,800	7.4%
Northwest	34,000	9.7%	33,300	11.0%	35,400	11.3%

On a year-over-year basis (March 2011 compared to March 2010), employment increased in the Southwest (+2,900) region while it decreased in the Central (-3,600); Northwest (-2,100); Southeast (-1,500) and Northeast (-1,200) economic regions.

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THE INDUSTRY REPORT—LFS Release April 2011

- Total industrial employment was down by 5,600 jobs (or -1.6%) in March of 2011 over March of 2010.
- Employment in the goods-producing sector was higher by 4,200 jobs in March of 2011 over March of 2010; overall employment in that sector stood at 84,200 in March of 2011.
- Employment in the services-producing sector was lower by 9,700 jobs in March of 2011 over March of 2010; overall employment in that sector stood at 269,800 in March of 2011.

Employment growth on a year-over-year basis was strongest in the following sectors*:

Finance, Insurance, Real Estate, and Leasing
- Current employment level (March 2011): **18,000 (up 17.3% or 2,700 jobs over March of 2010)**
- Record employment level (March 2011): **18,300**
- Number of consecutive months (including March of 2011) with year-over-year growth: **4**
- Number of months (including March of 2011) with year-over-year growth in the past 24 months: **14**
- Important considerations: ***Relatively low interest rates and increased confidence in global financial markets have kept New Brunswickers spending and investing, particularly in some big ticket items (housing and automobiles); increased weather-related damage has increased activity in the insurance sector.***

Forestry, Fishing, Mining, Oil and Gas
- Current employment level (March 2011): **10,800 (up 14.9% or 1,400 jobs over March of 2010)**
- Record employment level (December 1994): **14,500**
- Number of consecutive months (including March of 2011) with year-over-year growth: **6**
- Number of months (including March of 2011) with year-over-year growth in the past 24 months: **8**
- Important considerations: ***Rising commodity prices for metals and minerals have been generating increased activity in the mining sector of the province.***

Public Administration
- Current employment level (March 2011): **27,100 (up 13.9% or 3,300 jobs over March of 2010)**
- Record employment level (March 2009): **28,100**
- Number of consecutive months (including March of 2011) with year-over-year growth: **6**
- Number of months (including March of 2011) with year-over-year growth in the past 24 months: **12**
- Important considerations: ***Federal hirings in the province may be contributing to this growth.***

* Includes the top three growth sectors, and/or any sectors that posted a 10% or greater (year-over-year) increase in employment.

Employment growth on a year-over-year basis was weaker in the following sectors:**

Business, Building and Other Support Services (including the call centre industry)
- Current employment level (March 2011): **16,300 (down 17.7% or 3,500 jobs over March of 2010)**
- Record employment level (April 2004): **23,000**

THE INDUSTRY REPORT—con't

- Number of consecutive months (including March of 2011) with year-over-year losses: **16**
- Number of months (including March of 2011) with year-over-year losses in the past 24 months: **19**
- Important considerations: ***There were a number of substantial closures in the call centre industry in the province in 2010 that may be contributing to the losses posted in this sector.***

Information, Culture and Recreation

- Current employment level (March 2011): **11,600 (down 14.7% or 2,000 jobs over March of 2010)**
- Record employment level (September 1999): **15,300**
- Number of consecutive months (including March of 2011) with year-over-year losses: **4**
- Number of months (including March of 2011) with year-over-year losses in the previous 24 months: **6 (only 4 in the past year)**
- Important considerations: ***This is a diverse industry grouping, making it difficult to pinpoint the sub-category which is producing the losses.***

Transportation and Warehousing

- Current employment level (March 2011): **17,100 (down 12.3% or 2,400 jobs over March 2010)**
- Record employment level (June 2005): **22,000**
- Number of consecutive months (including March of 2011) with year-over-year losses: **last 6**
- Number of months (including March of 2011) with year-over-year losses in the last 24 months: **15**
- Important considerations: ***Diminishing Federal/Provincial stimulus spending on public infrastructure projects, limited private sector spending on major projects, and rising fuel prices are likely all having a negative impact on employment in this sector.***

** Includes the bottom three growth sectors and/or all sectors that posted a 10% or greater (year-over-year) decrease in employment